

## Message Text

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ORIGIN EB-04

INFO OCT-01 SS-04 ISO-00 TRSE-00 NSC-04 EUR-03 CEA-01  
FRB-03 INR-01 CIAE-00 EA-03 /024 R

DRAFTED BY TREASURY;IMM:E RASMUSSEN:EH  
APPROVED BY EA/J:N PLATT

-----126315 131736Z /61

P 131548Z APR 78

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY BRUSSELS PRIORITY

C O N F I D E N T I A L STATE 094836

LIMDIS GREENBACK, PARIS FOR USOECD, BRUSSELS FOR USEC

E.O. 11652: GDS

TAGS: EFIN, JA

SUBJECT: BLUMENTHAL-MATSUKAWA MEETING OF APRIL 5

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1. SUMMARY: IN APRIL 5 MEETING MATSUKAWA REQUESTED THAT  
US DEMONSTRATE ITS CONCERN FOR VALUE OF DOLLAR. SECRETARY  
BLUMENTHAL RESPONDED THAT THE ADMINISTRATION WOULD TAKE  
ACTION VERY SOON ON INFLATION AND WOULD CONSIDER ACTION ON  
ENERGY MATTERS, BUT COULD NOT CHANGE ITS PRESENT POLICY ON  
EXCHANGE MARKET INTERVENTION. END SUMMARY.

2. IN APRIL 5 MEETING AT SECRETARY BLUMENTHAL'S OFFICE,  
MATSUKAWA, MOF VICE MINISTER FOR INTERNATIONAL AFFAIRS,  
SAID HE HAD COME TO WASHINGTON AT PERSONAL REQUEST OF PRIME  
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MINISTER FUKUDA IN ORDER TO EXPLAIN SOCIAL AND POLITICAL  
PROBLEMS CAUSED BY YEN APPRECIATION AND TO ASK USG TO DE-  
MONSTRATE CONCERN FOR VALUE OF DOLLAR. HE SAID "SOME  
PERSONS IN JAPAN" COMPLAINED THAT RECENT US-GERMAN STATE-  
MENT HAD LEFT JAPAN EXPOSED TO EXCHANGE RATE PRESSURES AND  
THAT US HAD BEEN TARDY IN ACTING TO CURB INFLATION AND  
ENERGY IMPORTS.

3. SECRETARY BLUMENTHAL RESPONDED THAT US WAS AWARE OF AND CONCERNED ABOUT JAPAN'S SITUATION BUT POSSIBILITIES FOR US ACTION TO HELP WERE LIMITED. THE PRESIDENT, HE CONTINUED,

WOULD ANNOUNCE AN INFLATION PROGRAM SOON, WAS PRESSING CONGRESS TO PASS ENERGY LEGISLATION AND WAS CONSIDERING OTHER ENERGY MEASURES THAT MIGHT BE NECESSARY. HOWEVER, EXPANDED FOREIGN EXCHANGE MARKET INTERVENTION WOULD BE INEFFECTIVE AND MIGHT POSE POLITICAL PROBLEMS WITH US CONGRESS; THE SECRETARY NOTED THAT ARRANGEMENTS WITH WEST GERMANY WERE LIMITED TO EFFORTS TO COUNTER DISORDERLY MARKET CONDITIONS BY INTERVENING IN ONE CENTRAL CURRENCY AND WERE NOT INTENDED TO STABILIZE CURRENCIES AT A SPECIFIC RATE.

4. MATSUKAWA WELCOMED US PLEDGE TO ACT ON FUNDAMENTALS. HE SAID GOJ OFFICIALS UNDERSTOOD LIMITS OF INTERVENTION AS A POLICY BUT UNDERTOOK IT AS POLITICAL ACTION TO CURB ANXIETY OF JAPANESE PUBLIC AND DIET.

5. SECRETARY BLUMENTHAL EXPRESSED CONCERN ABOUT DECLINE IN US SHARE OF JAPAN'S IMPORTS OF MANUFACTURES. HE STRESSED THAT RESTRUCTURING JAPANESE ECONOMY AWAY FROM EXPORT-LED GROWTH WOULD REQUIRE SEVERAL YEARS OF PERSISTENT EFFORT.  
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6. DRAFTED BY TREASURY/IMM/ERASMUSSEN. CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
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